



General Assembly

January Session, 2005

Raised Bill No. 1089

LCO No. 3515

03515_____HSG

Referred to Committee on Select Committee on Housing

Introduced by:
(HSG)

***AN ACT CONCERNING COMMUNITY REVITALIZATION AND THE
ADAPTIVE REUSE OF CERTIFIED HISTORIC STRUCTURES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2005 and applicable to tax years*
2 *beginning January 1, 2005*): (a) As used in this section, the following
3 terms shall have the following meanings unless the context clearly
4 indicates another meaning:

5 (1) "Commission" means the Connecticut Commission on Culture
6 and Tourism established under section 10-392 of the general statutes;

7 (2) "Certified historic structure" means an historic industrial
8 property that: (A) Is listed individually on the National or State
9 Register of Historic Places, or (B) is located in a district listed on the
10 National or State Register of Historic Places, and has been certified by
11 the commission as being of historic significance to the district
12 contributing to the historic character of such district;

13 (3) "Certified rehabilitation" means any rehabilitation of a certified
14 historic structure for residential use consistent with the historic

15 character of such property or the district in which the property is
16 located as determined by regulations adopted by the commission;

17 (4) "Owner" means any person, firm, limited liability company,
18 nonprofit or for-profit corporation or other business entity which
19 possesses title to an historic structure and undertakes the rehabilitation
20 of such structure;

21 (5) "Placed in service" means that substantial rehabilitation work has
22 been completed which would allow for issuance of a certificate of
23 occupancy for the entire building or for individual residential units
24 that are an identifiable portion of the building;

25 (6) "Qualified rehabilitation expenditures" means any costs incurred
26 for the physical construction involved in the rehabilitation of a
27 certified historic structure for residential use, excluding: (A) The
28 owner's personal labor, (B) the cost of a new addition, except as
29 required to comply with any provision of the State Building Code or
30 the State Fire Safety Code and (C) any nonconstruction cost such as
31 architectural fees, legal fees and financing fees;

32 (7) "Rehabilitation plan" means any construction plans and
33 specifications for the proposed rehabilitation of a certified historic
34 structure in sufficient detail for evaluation by compliance with the
35 standards developed under the provisions of subsections (b) to (d),
36 inclusive, of this section; and

37 (8) "Substantial rehabilitation" or "substantially rehabilitate" means
38 the qualified rehabilitation expenditures of a certified historic structure
39 that exceed twenty-five per cent of the assessed value of such
40 structure.

41 (b) (1) The commission shall administer a system of tax credit
42 vouchers within the resources, requirements and purposes of this
43 section for owners rehabilitating certified historic structures. In each
44 tax year the commission shall endeavor to provide at least twenty-five

45 per cent of such tax credits for rehabilitation of certified historic
46 structures that contain affordable housing.

47 (2) The credit authorized by this section shall be available in the tax
48 year in which the substantially rehabilitated certified historic structure
49 is placed in service. If the tax credit is more than the amount owed by
50 the taxpayer for the year in which the substantially rehabilitated
51 certified historic structure is placed in service, the amount that is more
52 than the taxpayers tax liability may be carried forward and credited
53 against the taxes imposed for the succeeding five years or until the full
54 credit is used, whichever occurs first. Any credits allowed under this
55 section that are provided to multiple owners of certified historic
56 structures shall be passed through to persons designated as partners,
57 members or owners, pro rata or pursuant to an agreement among such
58 persons designated as partners, members or owners documenting an
59 alternative distribution method without regard to other tax or
60 economic attributes of such entity. Any owner entitled to a credit
61 under this section may assign, transfer or convey the credits, in whole
62 or in part, by sale or otherwise to any individual or and such transferee
63 shall be entitled to offset income imposed under any provision of the
64 general statutes as if such transferee had incurred the qualified
65 rehabilitation expenditure.

66 (c) The commission shall develop standards for the approval of
67 rehabilitation of certified historic structures for which a tax credit
68 voucher is sought. Such standards shall take into account whether the
69 rehabilitation of a certified historic structure will preserve the historic
70 character of the building.

71 (d) The commission shall adopt regulations, in accordance with
72 chapter 54 of the general statutes, to carry out the purposes of this
73 section. Such regulations shall include provisions for filing of
74 applications and for timely approval by the commission.

75 (e) Prior to beginning any rehabilitation work on a certified historic
76 structure, the owner shall submit (1) a rehabilitation plan to the

77 commission for a determination of whether or not such rehabilitation
78 work meets the standards developed under the provisions of
79 subsections (b) to (d), inclusive, of this section, and (2) an estimate of
80 the qualified rehabilitation expenditures. The provisions of this
81 subsection shall not disqualify applications for tax credits for certified
82 historic structures for which rehabilitation commenced but were not
83 placed in service before the effective date of this section.

84 (f) (1) If the commission certifies that the rehabilitation plan
85 conforms to the standards developed under the provisions of
86 subsections (b) to (d), inclusive, of this section, the commission shall
87 reserve for the benefit of the owner an allocation for a tax credit
88 equivalent to twenty-five per cent of the projected qualified
89 rehabilitation expenditures, not exceeding two million dollars.

90 (2) The tax credit under this section may not be combined with the
91 federal historic preservation tax investment credit tax administered
92 under Section 47 of the Internal Revenue Code. An owner qualifying
93 for such federal tax credit shall be eligible for a five per cent state tax
94 credit for the substantial rehabilitation of a certified historic structure
95 as defined in this section.

96 (g) Following the completion of rehabilitation of a certified historic
97 structure, the owner shall notify the commission that such
98 rehabilitation has been completed. The owner shall provide the
99 commission with documentation of work performed on the certified
100 historic structure and shall submit certification of the costs incurred in
101 rehabilitating the certified historic structure. The commission shall
102 review such rehabilitation and verify its compliance with the
103 rehabilitation plan. Following such verification, the commission shall
104 issue a tax credit voucher to the owner rehabilitating the certified
105 historic structure or to the taxpayer named by the owner as
106 contributing to the rehabilitation. The tax credit voucher shall be in an
107 amount equivalent to the lesser of the tax credit reserved upon
108 certification of the rehabilitation plan under the provisions of

109 subsection (f) of this section or twenty-five per cent of the actual
110 qualified rehabilitation expenditures not exceeding two million
111 dollars. In order to obtain a credit against any state tax due that is
112 specified in subsections (j) to (m), inclusive, of this section, the holder
113 of the tax credit voucher shall file the voucher with the holder's state
114 tax return.

115 (h) The Commissioner of Revenue Services shall grant a tax credit to
116 a taxpayer holding the tax credit voucher issued under subsections (e)
117 to (i), inclusive, of this section against any tax due under chapter 207,
118 208, 209, 210, 211, 212 or 229 of the general statutes in the amount
119 specified in the tax credit voucher. Such taxpayer shall submit the
120 voucher and the corresponding tax return to the Department of
121 Revenue Services.

122 (i) The tax credit issued under subsection (h) of this section shall be
123 taken by the holder of the tax credit voucher in the same tax year in
124 which the certified historic structure was placed in service. Any
125 unused portion of such credit may be carried forward to any or all of
126 the four taxable years following the year in which the tax credit
127 voucher is issued.

128 (j) The aggregate amount of all tax credits which may be reserved by
129 the commission upon certification of rehabilitation plans under
130 subsections (b) to (d), inclusive, of this section shall not exceed ten
131 million dollars in any one fiscal year.

132 (k) The commission may charge an application fee in an amount not
133 to exceed two thousand five hundred dollars to cover the cost of
134 administering the program established pursuant to this section for the
135 administration of the program.

<p>This act shall take effect as follows and shall amend the following sections:</p>
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Section 1	<i>July 1, 2005 and applicable to tax years beginning January 1, 2005</i>	New section
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Statement of Purpose:

To establish a program of tax credits for reuse of historic buildings to stimulate reinvestment in communities, increase municipal tax revenues, improve surrounding property values and provide increased opportunities for home ownership.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]